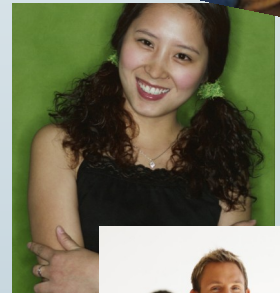


State of Michigan
Flexible Spending
Accounts
2012 Plan Booklet



Flexible Spending Accounts

Customer Service Contacts

MI HR Service Center

The MI HR Service Center can answer many of your questions related to Flexible Spending Accounts (FSAs) if you're a newly hired employee or completing the open enrollment process. Please have your employee number available at the time of your call.

P.O. Box 30002
Lansing, MI 48909
(517) 335-0529
Toll Free: (877) 766-6447
Michigan Relay Center
for the hearing impaired: 711
Fax: (517) 241-5892
7 a.m. - 6 p.m. EST Monday - Friday

Employee Benefits Division

The Employee Benefits Division will assist you if you experience a life event resulting in a mid-year enrollment change.

P.O. Box 30002
Lansing, MI 48909
(517) 373-7977
Toll Free: (800) 505-5011
Fax: (517) 373-3174
8 a.m. - 5 p.m. EST Monday - Friday

Flexible Spending Information

www.mi.gov/fsa

WageWorks® Customer Service Center

The WageWorks® Customer Service Center can answer questions or provide information beyond enrollment.

Toll Free: (877) 924-3967
8 a.m. - 8 p.m. EST Monday - Friday
9 a.m. - 3 p.m. EST Saturday

WageWorks® Claims Processing

Claims Administrator - FBWW
P.O. Box 14326
Lexington, KY 40512
Toll Free Fax: (855) 291-0625

WageWorks® Websites

www.wageworks.com
www.wageworks4me.com/som

Table of Contents

Flexible Spending Accounts (FSAs)	
Plan Overview.....	3
Health Care FSA.....	5
Using the Health Care FSA Card.....	8
Dependent Care (Day Care) FSA.....	9

Flexible Spending Accounts (FSAs) Plan Overview

How the Accounts Work

The State of Michigan's Flexible Spending Accounts (FSAs) allow you to set aside **pre-tax dollars** to pay for eligible out-of-pocket expenses for health care and dependent care. The State offers two types of FSAs:

Health Care FSAs allow you to put aside pre-tax dollars for health care expenses not covered by any medical, dental or vision care plan. These expenses are allowed for you and qualifying individuals. See page 5 for a list of eligible Health Care FSA expenses.

Dependent Care (Day Care) FSAs allow you to put aside pre-tax dollars to cover child/elder dependent day care expenses for your eligible dependents so you can work. See page 10 for a list of eligible Dependent Care expenses.

Advantages of FSAs

Lower taxable income. Your FSA contributions are deducted from your bi-weekly pay warrant on a pre-tax (tax-free) basis before Federal taxes, Social Security taxes (FICA), and Michigan state taxes have been applied. For example, if you earn \$3,000 and contribute \$200 to your Health Care FSA, you pay taxes on \$2,800.

Built-in budgeting. When you make your annual contribution, you have ensured that you will have money available for your anticipated eligible medical and dependent care expenses.

Increased tax savings. On your federal income tax return, you can only deduct medical expenses that exceed 7.5% of your adjusted gross income. Amounts up to \$5,000 can be contributed to a Health Care FSA and are reimbursable even for small amounts such as co-pays, prescription expenses, and other minor medical and dental expenses.

Eligibility

All State of Michigan employees can participate in FSAs with the exception of non-career and special personal services (SPS) employees. Seasonal employees must ensure that the number of deductions elected does not exceed the number of pay periods you expect to be employed during the year. Additionally, each employee must have sufficient earnings to cover the amount you choose to contribute to an account.

How to Calculate Your Contributions

Each year, estimate the amount of out-of-pocket health care and/or dependent care expenses you expect to incur in the next calendar year. To calculate the amount per pay period, divide your total yearly expense by the number of pay periods you choose to have the contributions deducted from your pay warrant.

Each pay period, the contribution amount is deposited into the appropriate FSA and reported to the Plan's claim processor, WageWorks®. Taxes are not paid on the amount you contribute to either FSA, and your annual taxable income is reduced by the amount of your contributions.

No "Double Deductions"

Health care and dependent care expenses can be reimbursed through your FSA or taken on your tax return as a medical deduction or as a dependent care tax credit, but they cannot be taken in both places.

Check with your tax advisor to see if a Dependent Care or Health Care FSA may be more advantageous than taking a credit on your tax return.

Annual Open Enrollment

To save money with an FSA, you must enroll each year, even if you wish to continue the same annual contributions. If you do not enroll during Open Enrollment in November, your plan participation will expire December 31st of the current plan year.

Enrollment must be completed between November 1, 2011 and November 30, 2011.

There are two easy ways to enroll:

- Online through MI HR Self-Service
Log in at www.michigan.gov/selfserv
- MI HR Service Center
Lansing: (517) 335-0529, Toll Free: (877) 766-6447
Hearing Impaired: 711 for Michigan Relay
Monday through Friday 7:00 a.m. - 6:00p.m.

Once the enrollment process is complete, you will receive a confirmation statement. You must retain this statement for your records. This confirmation statement is your only proof of successful enrollment.

At the end of December, you'll receive correspondence from WageWorks® stating the annual contributions and plan(s) for which you are enrolled. Verify the accuracy of your contribution amount on your first pay warrant of the year.

Flexible Spending Accounts (FSAs) Plan Overview

What To Know Before You Enroll

Your enrollment is effective through December 31, 2012. Once you enroll in an account, you cannot stop or change your deductions during the plan year, unless you have a qualifying life event. For Health Care FSA, refer to page 7. For Dependent Care FSA refer to page 11.

You can only be reimbursed for eligible expenses incurred from the effective date of your enrollment for the current plan year through March 15th of the following year.

Different rules apply to Health Care FSAs and Dependent Care FSAs. For eligible Health Care FSA expenses, refer to page 5. For eligible Dependent Care FSA expenses refer to page 10. If your employment terminates before December 31, 2012, refer to page 7 for options to continue your Health Care FSA. Dependent Care FSAs cannot be continued if your employment terminates.

Funds are not transferable between your Dependent Care FSA and your Health Care FSA. Also, you cannot transfer funds between your account and your spouse's account.

Estimate your expenses carefully. Do not contribute more than you can reasonably expect to spend on eligible expenses for the year. The IRS requires that you forfeit any funds left in your account after the reimbursement deadlines have expired. You will not be entitled to receive payment for the balance remaining in your account after all eligible expenses submitted by April 15, 2013, have been processed.

Your Contributions will lower your Social Security Wage Base. Your FSA contributions will lower your Social Security taxes. Since your Social Security taxes will be calculated after your FSA contributions are subtracted, your Social Security benefits may be slightly lowered.

Your State benefits are not affected. FSA contributions lower your taxable income, but they do not lower the amount of salary used to calculate your benefits, such as your Retirement Plan, Long-Term Disability and Group Life Insurance.

New Employee / Mid-Year Enrollment

New employees must contact the MI HR Service Center at (877) 766-6447 or (517) 335-0529 within 31 days of your hire date to enroll in an FSA. If you do not enroll during this initial eligibility period, you must wait until the next annual open enrollment or until you experience a qualifying life event as described on pages 7 and 11.

Period of Coverage

If you are a current employee and you enrolled during Open Enrollment, your coverage is effective from January 1 through December 31 of the following year.

If you are a newly hired employee, your coverage is effective the first day of the pay period after your enrollment is processed and ends December 31st of the current plan year.

If you have a qualifying life event and submit the mid-year enrollment form within 31 days, your coverage is effective the first day of the pay period after your enrollment is processed and ends December 31st of the current plan year.

Claims

Reimbursements may only be made for claims incurred during the period of coverage. Expenses are incurred when the medical care or dependent care is provided, not when the participant is billed or pays for the care.

Important differences to remember. You may use your full Health Care FSA annual goal at anytime throughout the coverage period, regardless of the amount contributed to date. However, you must have sufficient funds in your Dependent Care FSA account before a claim can be reimbursed.

FSA Grace Period

The IRS provides a grace period from January 1st through March 15th following the end of the current plan year.

Balances remaining in your 2012 FSAs may be used to reimburse eligible costs incurred during this period. Claims must be submitted by April 15, 2013 to be applied to your 2012 account balance.

How the Account Works

The Health Care FSA can be used for you and qualifying individuals for eligible health, vision or dental expenses remaining *after* claims have been paid by any insurance plan. It does not replace your insurance plan.

Each year, estimate the amount of your expected out-of-pocket health care expenses. This is your annual goal. Determine the number of pay periods you wish to contribute (1 to 26). Divide your estimated annual goal amount by the number of pay periods to determine your bi-weekly contributions.

Example:

Annual Goal	# of Pay Periods (PP)	PP Amount
\$5,000	÷ 25	= \$200.00
\$780	÷ 26	= \$30.00

Health Care FSA

How the Account Works

The Health Care FSA can be used for you and qualifying individuals for eligible health, vision or dental expenses remaining *after* claims have been paid by any insurance plan. It does not replace your insurance plan.

Each year, estimate the amount of your expected out-of-pocket health care expenses. This is your annual goal. Determine the number of pay periods you wish to contribute (1 to 26). Divide your estimated annual goal amount by the number of pay periods to determine your bi-weekly contributions.

Example:

Annual Goal	# of Pay Periods (PP)	PP Amount
\$5,000	÷ 25	= \$200.00
\$780	÷ 26	= \$ 30.00

Maximum Contribution Amount

For 2012, the maximum annual contribution is \$5,000 per employee.

Qualifying Individuals

Qualifying individuals under the Health Care FSA include your legal spouse (in accordance with federal law) and your child/children age 25 and under. Expenses for 25 year old children are only eligible up to the day they turn 26.

A qualifying individual also includes your parent or other individual as defined in IRS Code Section 105(b), such as one who is physically or mentally unable to care for him or herself and is claimed by you as a dependent on your taxes.

Other Eligible Adult Individuals (OEAs) and their dependents are not considered qualifying individuals for FSAs.

Eligible Health Care Expenses

IRS code 213(d) defines eligible Health Care FSA expenses as costs incurred to diagnose, treat or prevent a specific medical condition, or for purposes of affecting any function or structure of the body.

This also includes prescription drugs and some over-the-counter items. However, medical expenses for vitamins, nutritional supplements or cosmetic purposes are not eligible without approved documentation of medical necessity.

Examples of *Eligible* Expenses

This is an abbreviated list of eligible expenses.

- Co-payments and deductibles
- Bandages
- Dental care
- Diabetic supplies and insulin
- Eye exams and glasses
- Laser eye surgery
- Orthodontia
- Over-the-counter (OTC) medications with a prescription
- Wigs for hair loss due to a disease

Examples of *Ineligible* Expenses:

This is an abbreviated list of ineligible expenses.

- Cosmetic expenses
- Expenses reimbursed by other insurance companies
- Insurance premiums
- Illegal or experimental treatments, operations or drugs
- Late payment fees
- Teeth whitening or bleaching
- Vitamins/nutritional supplements unless prescribed by your physician to treat a specific medical condition
- Weight reduction programs for general well being

Over-the-Counter (OTC) Medicines and Drugs

Health Care FSAs can only be used for OTC medicines and drugs, other than insulin, if they are prescribed by your health care provider.

You may use your WageWorks® Health Care Card to purchase OTC medicines at an Inventory Information Approval System (IIAS) approved pharmacy. You will need to present the prescription and the OTC medicine to the pharmacist, who will dispense the OTC medicine as a prescription.

If an OTC purchase is made at a non-IIAS pharmacy, you can pay for the OTC and submit the itemized receipt and doctor prescription with a WageWorks® Pay Me Back Claim for reimbursement.

Health Care FSA

Examples of OTC Medicines and Drugs Requiring a Doctor's Prescription:

This is an abbreviated list of OTCs requiring a prescription.

- Allergy and Sinus Medications
- Anti-diarrheals
- Cold, Cough and Flu Products
- Hemorrhoid Remedies
- Pain Relief Products

OTC Supplies and Equipment

Medically needed OTC supplies and equipment are eligible expenses and do not require a prescription.

This is an abbreviated list of supplies and equipment.

- Crutches
- Contact Lens Solutions
- Band-Aids
- First Aid Kits

For a complete list of eligible and ineligible expenses, refer to WageWorks® website, [FSA Eligible Expenses](#).

Payment Options

WageWorks® Health Care Card

Present your Card to your health care provider to pay for office or prescription co-pays, and other eligible expenses.

Pay Me Back Claim

Submit a Health Care Account Pay Me Back claim online by logging into your account at www.wageworks.com and selecting "Online Claims".

You also have the option to mail or fax a [claim form](#) to WageWorks®.

Along with the claim form, you must submit a provider-supplied itemized bill or receipt showing the following:

- Patient name
- Provider name
- The type of service
- The date or dates services were provided
- The amount you were charged or your cost

Payment Options (continued)

Account statements must include previously stated detail for each expense if they are to be used in lieu of a receipt.

Note: For OTC drug prescriptions, the receipt must also include the prescription number. If not included, a copy of the prescription must accompany the receipt instead.

The Plan must be reimbursed for any improperly paid claims or unsubstantiated expenses.

Pay My Provider

Use this feature to enter a claim or have your payment sent directly to your provider. You can request a one time payment or recurring monthly payment for eligible services.

Mobile Apps

Participants with an iPhone, Droid or Blackberry can submit claims through the WageWorks® EZ Receipts app. This app will allow you to take a photo of an itemized receipt and submit it with your claim.

Travel Expenses

Expenses for out-of-town travel for health care are eligible. This includes expenses for parking fees, tolls, airfare, lodging, rental cars, and mileage for use of a privately owned vehicle. However, you cannot be reimbursed for a trip or vacation taken for a change in environment, improvement of morale, or general improvement of health, even if you make a trip on the advice of a doctor.

Parking Fees and Tolls. A receipt for the parking fee and/or toll is required to substantiate the claim.

Airfare. A receipt for the airfare is required to substantiate the claim.

Lodging. You may submit a claim for the cost of lodging not provided in a hospital or similar institution. Lodging is reimbursable for a person traveling with the eligible dependent receiving medical care. The reimbursable amount allowed for lodging cannot be more than \$50 per night per person.

Mileage. Mileage can be reimbursed for trips to and from your health care provider. A visit to your pharmacy will be treated as a visit to your local health care provider. You may calculate the mileage at the rate of \$0.235 per mile. This rate is subject to subsequent IRS revisions.

Funds Availability

The Health Care FSA allows reimbursement when the funds are needed, regardless of whether sufficient funds are in your account to cover the claim. Your 2012 Health Care FSA contribution is available on the effective date of your coverage. See page 4, "Period of Coverage".

Eligible Expense Period

Your 2012 FSAs can only be used to reimburse eligible expenses incurred from the effective date of your enrollment through March 15, 2013. An eligible expense is incurred when the service or treatment has been performed. You cannot be reimbursed for expenses paid in advance of services, except for orthodontics. Pre-payment of orthodontics must occur in the same plan year that you request reimbursement.

Time Frame for Claim Reimbursement

Reimbursements for eligible expenses will be made within 5 business days after the claim is processed. All claims must be submitted by the end of the grace period to be eligible for reimbursement. If WageWorks® needs additional information, they will notify you in writing, and you will have 45 days to submit the information.

Appeal Process for Denied Claims

If the claim is denied, you will receive notification in writing no later than 30 days after the receipt of the claim. If you disagree with the decision, you may file a written appeal with WageWorks® no later than 180 days after receipt of the denial letter. If you still disagree with their decision, you may file a written appeal with the [Employee Benefits Division](#) within 28 calendar days from the date of the most recent appeal denial.

Mid-Year Changes

If you experience a qualifying life event, the IRS allows you to change your Health Care FSA annual contribution.

IRS rules also require that contribution changes during the plan year be made consistent with the qualifying life event. This means that your annual contribution can be increased to add the costs for a new dependent for the remainder of the calendar year. However, the annual contribution cannot be increased for both the cost of the added dependent and to make up costs incurred prior to the life event.

The Employee Benefits Division must be contacted within 31 days of the life event. You should be prepared to provide documentation of the change. The deduction change will be reflected in the pay period following the request.

[Return to Table of Contents](#)

Qualifying Life Events

Qualifying life events are listed below:

Legal Marital Status. Change in your marital status, including marriage, legal separation, annulment, divorce or death of spouse.

Qualifying Individuals. Change in the number of your qualifying individuals including the birth or adoption of a child, gain or loss of custody, foster care or death.

Employment Status. Changes that effect eligibility of the employee or the employee's spouse or qualifying individual, such as commencement or termination of employment, or a change from full-time to part-time employment, or loss or gain of coverage.

Judgments, Decrees, Court Orders or Change in Legal Custody. Requirement by one of these legal documents to either add or terminate coverage for your dependent.

Eligibility for Medicare or Medicaid. If you become eligible or lose eligibility for Medicare or Medicaid.

Heroes Earnings Assistance and Relief Tax Act of 2008

Under the *Heroes Earnings Assistance and Relief Tax Act of 2008* (H.R. 6081), employees called to active military duty for a period of at least six months would be allowed to receive a taxable distribution of the Health Care FSA funds to avoid forfeiture.

Retirement, Layoff, or Separation

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) allows employees to continue their Health Care FSA with pre-tax or after-tax contributions even after losing their eligibility to participate. Your continuation of coverage under COBRA lasts for the remainder of the plan year and corresponding grace period in which your qualifying event occurred.

The advantage in doing this is to extend the time period for which Health Care FSA funds may be used in the year. Without COBRA, claims incurred after your last day worked would not be eligible.

For example, if you elected a Health Care FSA benefit of \$1,000 and have only received \$200 in reimbursement at the end of your employment, you may choose to pay the remainder of your annual goal. This allows your expenses to be eligible throughout the entire plan year and corresponding grace period.

If the full amount of your annual contribution has not been made before your termination, you can make-up the remaining balance. The cost for continuation of coverage is a monthly amount based on the amount you were contributing before the qualifying event. These contributions are made with after-tax dollars versus pre-tax dollars.

If you are retiring and want your remaining contributions taken from your last pay warrant, you must contact the Employee Benefits Division one month prior to your last day worked.

WageWorks® Health Care Card

Using the WageWorks® Health Care Card

Use of the WageWorks® Health Care Card is voluntary and allows you to pay for purchases directly from your Health Care FSA account. The Card:

- Works like a credit card, except the funds are deducted from your Health Care FSA account
- Allows you easy access to your account funds when costs are incurred

Request and retain itemized receipts for all purchases with your Card. WageWorks® may request a copy of your receipt to substantiate a claim. If an itemized receipt cannot be provided, you will be required to pay back the amount you were reimbursed. IRS regulations state that you must retain receipts for at least one year.

The Card can be used at medical and dental offices, and also at retail establishments and pharmacies where an IIAS has been implemented. A listing of participating retailers can be found on the [WageWorks® website](http://www.wageworks.com).

Note: The Card is not available for Dependent Care FSAs.

Claims Substantiation

WageWorks® will notify you via mail or e-mail if documentation is required.

Substantiating documentation is not required when:

- the Health Care Card payment matches the co-pay amount under your medical plan
- the Card payment matches your insurance carrier's electronic file

Health Care Card Activation

All participants in the 2012 Health Care FSA will receive a WageWorks® Health Care Card in December 2011. There is no fee to you for the issuance or activation of the Card.

Card Holder Agreement

In order to use the Card, you must agree to abide by the terms and conditions of the Plan, as set forth in the Cardholder Agreement. This includes the limitations on Card usage, and the Plan's right to withhold and offset for ineligible claims. When you activate your Card, the Cardholder Agreement becomes a part of the terms and conditions of your Plan.

Reporting Lost Cards or Requesting Additional Cards

You may report a lost or stolen card or request additional cards for your spouse or qualifying individuals (over age 18), by calling the WageWorks® Solution Center at (877) 924-3967, 8 a.m. - 8 p.m. EST Monday - Friday or through the WageWorks® website at www.wageworks.com. Once logged into your account, select the "Health Care" tab located at the top of the page and then "Request Additional Card" to complete the online request.

Note: There is no charge to you for the additional card.

Automatic Card De-Activation

ADP Health Care Debit Card

If you enrolled in a 2011 Health Care FSA, your debit card will be de-activated December 31, 2011. However, if you have money remaining in your 2011 account, you can incur eligible expenses through March 15, 2012. You will need to pay for the eligible expenses and submit itemized documentation to ADP no later than April 15, 2012. Claims received by ADP after this date will not be reimbursed.

WageWorks® Health Care Card

The Card will be automatically turned off if:

- Employment or coverage terminates, or
- You do not provide appropriate documentation that substantiates your claim when requested by WageWorks®, or
- The Card is used for an ineligible expense under the program.

Leave of Absence or Lost Time and Your Card

If you go on an unpaid leave of absence or experience lost time, your Card will remain available for your use while you are off.

You will be required to make up all of your missed contributions when you return to work.

If you return to work after the end of the plan year, the State of Michigan will collect the remaining amount due from your pay warrant on an after-tax basis. This will also occur if there are not enough pay periods remaining in the plan year to make-up your missed contributions.

Dependent Care (Day Care) FSA

How the Account Works

A Dependent Care FSA can be used to pay for day care expenses while you or your spouse are at work, looking for work or are at school. It can also be used for expenses such as local day camp, elder care, and care expenses for any incapacitated person you are eligible to claim on your income taxes. The Dependent Care Spending Account may not be used for medical expenses.

Each year, estimate the amount of your expected out-of-pocket dependent care expenses. This is your annual goal. Determine the number of pay periods you wish to contribute (1 to 26). Divide your estimated annual goal amount by the number of pay periods to determine your bi-weekly contributions.

Example:

Annual Goal	# of Pay Periods (PP)	PP Amount
\$5,000	÷ 25	= \$200.00
\$3,900	÷ 26	= \$150.00

Maximum Contribution Amounts

Federal tax laws place limitations on the amount you can contribute to a Dependent Care FSA each plan year. You may choose an annual contribution of any whole dollar amount up to the maximum family amount for which you qualify. Your maximum contribution depends upon your annual earnings, your tax filing status, your spouse's annual earnings and several other factors. The contribution maximums are:

- \$5,000 per year if you are married and filing jointly
- \$2,500 per year if you are married and filing a separate income tax return
- \$5,000 per year if you are single and filing as head of household
- The lower of your two incomes, if either you or your spouse earns less than \$5,000 per year
- \$3,000 for one dependent or \$5,000 for two dependents if your spouse is a full-time student or incapable of self-care

It is your responsibility to ensure your annual contributions do not exceed the maximum amount allowed by the IRS.

Qualifying Individuals

A qualifying individual is:

- An individual age 12 or under who (a) lives with you; (b) does not provide over half of his/her own support; and (c) is your son, daughter, grandchild, step-child, brother, sister, niece, nephew or
- A spouse (as defined for purposes of federal law) or other tax dependent (as defined in IRS Code Section 152) who is physically or mentally incapable of caring for himself or herself and who resides with you for more than half of the year.

Typically, if you are divorced or separated, your child must be your dependent for whom you can claim an exemption on your tax return in order to be a qualifying individual.

Note: There is a special rule for children of divorced parents. If you are divorced, the child is only a qualifying individual of the "custodial" parent [as defined in IRS Code Section 152(e)].

If you are the *custodial parent*, you can treat your child as an eligible dependent even if you cannot claim the child as an exemption on your tax return. If you are the *non-custodial parent*, you cannot treat your child as a qualifying individual even if you can claim the child as an exemption on your tax return. See IRS guidelines for further details on this exception to the rule.

Other Eligible Adult Individuals (OEAI)s and their dependents are not considered qualifying individuals for FSAs.

Federal Tax Reporting

Eligible dependent care expenses can be claimed on your income tax return or reimbursed from your FSA, but not both.

Amounts you contribute to a Dependent Care FSA are reported in box 10 on your W-2 form. However, this does not mean you are taxed on your reimbursement. This notifies the IRS that the taxpayer should also be filing IRS Form 2441. This form requires you to list the name and taxpayer identification number or social security number of the dependent care provider(s) you used during the calendar year.

Dependent Care (Day Care) FSA

Eligible Dependent Care Expenses

Eligible expenses can only be incurred from your effective date of coverage through March 15, 2013. Any expenses not claimed will be forfeited by the participant.

The expense must be incurred for the care of a qualifying individual (as described on page 9) and is incurred to enable you to be gainfully employed. Expenses for overnight stays or overnight camp are not eligible.

If daycare is provided outside your household and expenses are incurred for the care of a “qualifying individual” who is age 13 or older, such dependent must regularly spend at least 8 hours per day in your home.

Examples of Eligible Expenses

This is an abbreviated list of eligible expenses.

- Home-based licensed day care
- Licensed day care center (elder or child care)
- Nursery school
- Private babysitter in your home or theirs
- Private preschool program
- Providers of care for disabled dependents
- Public or private summer day camps

You can be reimbursed for day care expenses you pay to your child, age 19 or older, or any other individual you do not claim as a dependent on your income tax return. Immigrants who have a U.S. Social Security number can also be reimbursed if they have filed for and are waiting for their green card.

Examples of Ineligible Expenses

This is an abbreviated list of ineligible expenses.

- Babysitting for social events
- Late payment fees
- Care provided by your child under age 19 or any other person you claim as a dependent on your income tax return
- Cost of food, clothing, and diapers
- Cost of specialty or educational programs before or after school
- Expenses for overnight camps
- Expenses for which a dependent care tax credit is taken or expenses which are reimbursed under a Health Care FSA

Examples of Ineligible Expenses (continued)

- Expenses for education
- Placement fees, fees for sports lessons, field trips or clothing

For a complete list of eligible and ineligible expenses, refer to WageWorks® website, [FSA Eligible Expenses](#).

Payment Options

Pay Me Back Claim

Submit a Dependent Care Account Pay Me Back claim online by logging into your account at www.wageworks.com and selecting “Online Claims”.

You also have the option to mail or fax a [claim form](#) to WageWorks®.

Along with the claim, you must submit an itemized receipt showing the following:

- The nature of the expense
- The date or dates the services were provided
- The amount of the expense

A taxpayer identification number for your dependent care service provider is not required on the Dependent Care FSA claim form.

The Plan must be reimbursed for any improperly paid claims or unsubstantiated expenses.

Pay My Provider

Use this feature to enter a claim or have your payment sent directly to your provider. You can request a one-time payment or recurring monthly payment for eligible services.

Mobile Apps

Participants with an iPhone, Droid or Blackberry can submit claims through the WageWorks® EZ Receipts app. This app will allow you to take a photo of an itemized receipt and submit it with your claim.

Time Frame for Claim Reimbursement

Reimbursements for eligible expenses will be made within 5 business days after the claim is processed. All claims must be submitted by the end of the grace period to be eligible for reimbursement. If WageWorks® needs additional information, they will notify you in writing, and you will have 45 days to submit the information.

Dependent Care (Day Care) FSA

Appeal Process for Denied Claims

If the claim is denied, you will receive notification in writing no later than 30 days after the receipt of the claim. If you disagree with the decision, you may file a written appeal with WageWorks® no later than 180 days after receipt of the denial letter. If you still disagree with their decision, you may file a written appeal with the Employee Benefits Division within 28 calendar days from the date of the most recent appeal denial.

Mid-Year Changes

If you experience a qualifying life event, the IRS allows you to change your Dependent Care FSA annual contribution.

IRS rules also require that contribution changes during the plan year be made consistent with the qualifying life event. This means that your annual contribution can be increased to add the costs for a new dependent for the remainder of the calendar year. However, the annual contribution cannot be increased for both the cost of the added dependent and to make up costs incurred prior to the life event.

The [Employee Benefits Division](#) must be contacted within 31 days of the life event. You should be prepared to provide documentation of the change. The deduction change will be reflected in the pay period following the request.

Qualifying Life Events

Qualifying life events are listed below:

Legal Marital Status. Change in your marital status, including marriage, legal separation, annulment, divorce or death of spouse, where you have an increase or decrease in the amount paid or number of dependents needing day care.

Qualifying Individuals. Change in the number of your qualifying individuals including the birth or adoption of a child, gain or loss of custody, foster care or death.

Care Modifications. Change in dependent care needs or number of dependents, dependent turning 13, or significant change in cost of dependent care.

Leave of Absence. Paid or unpaid leave of absence.

Employment Status. Changes that effect eligibility of the employee or the employee's spouse, such as commencement or termination of employment, or a change from full-time to part-time employment, or loss or gain of coverage.

Leave of Absence, Layoff, Separation from State or Retirement

Your eligibility for the Dependent Care FSA ends on your last day of work. Any expenses incurred after your last day worked for the State of Michigan will not be eligible for reimbursement, even if you have a balance remaining in your account.

If you return to work during the same calendar year, dependent care expenses incurred are again eligible for reimbursement. Your contributions will restart at the same bi-weekly contribution in place before you left, unless you request a change due to a life event.

If you are using annual leave or sick leave and are still receiving pay but would like your Dependent Care FSA to stop, contact the Employee Benefits Division.